State: Illinois Filing Company: Aspen American Insurance Company

TOI/Sub-TOI: 11.2 Med Mal-Claims Made Only/11.2023 Physicians & Surgeons

Product Name: Physicians and Surgeons Professional Liability **Project Name/Number:** ASAIC-MM-PS-IL-1302R/ASAIC-MM-PS-IL-1302R

Filing at a Glance

Company: Aspen American Insurance Company

Product Name: Physicians and Surgeons Professional Liability

State: Illinois

TOI: 11.2 Med Mal-Claims Made Only Sub-TOI: 11.2023 Physicians & Surgeons

Filing Type: Rate/Rule
Date Submitted: 08/12/2013

SERFF Tr Num: PERR-129154210

SERFF Status: Closed-Filed

State Tr Num: PERR-129154210

State Status:

Co Tr Num: ASAIC-MM-PS-IL-1302R

Effective Date On Approval

Requested (New):

Effective Date

Requested (Renewal):

Author(s): Lana Begunova, ACP, AIS, Vanessa M. Haydon

Reviewer(s): Gayle Neuman (primary)

Disposition Date: 08/13/2013

Disposition Status: Filed

Effective Date (New): 08/12/2013 Effective Date (Renewal): 08/12/2013

State Filing Description:

State: Illinois Filing Company: Aspen American Insurance Company

TOI/Sub-TOI: 11.2 Med Mal-Claims Made Only/11.2023 Physicians & Surgeons

Product Name: Physicians and Surgeons Professional Liability **Project Name/Number:** ASAIC-MM-PS-IL-1302R/ASAIC-MM-PS-IL-1302R

General Information

Project Name: ASAIC-MM-PS-IL-1302R Status of Filing in Domicile: Not Filed

Project Number: ASAIC-MM-PS-IL-1302R Domicile Status Comments:

Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:

Filing Status Changed: 08/13/2013

State Status Changed: Deemer Date:

Created By: Lana Begunova, ACP, AIS Submitted By: Vanessa M. Haydon

Corresponding Filing Tracking Number: ASAIC-MM-PS-IL-

1301F

Filing Description:

On behalf of Aspen American Insurance Company ("Aspen" or "The Company"), we are revising rates and rules associated with a new Physicians and Surgeons Professional Liability Program.

The proposed pages replace the rates and rules, acknowledged in the following filing:

SERFF Tracking #: PERR-128940127

Company Tracking #: ASAIC-MM-PS-IL-1301R

Disposition Date: 04/29/2013 Effective Date (New): 06/01/2013

The changes were triggered by the objections, issued in the companion form filing, submitted under SERFF Tracking #: PERR-128940126, Company Tracking #: ASAIC-MM-PS-IL-1301F.

Enclosed is authorization for Perr&Knight to submit this filing on behalf of the Company. All correspondence related to this filing should be directed to Perr&Knight. The Company has prepared the material contained in this filing. If there are any requests for additional information related to items prepared by the Company, we will forward the request immediately to the Company. We will submit the Company's response to your attention as soon as we receive it.

Company and Contact

Filing Contact Information

Lana Begunova, ACP, AIS, State Filings doi@perrknight.com

Analyst

401 Wilshire Boulevard, Suite 300 888-201-5123 [Phone] 151 [Ext]

Santa Monica, CA 90401 310-230-1061 [FAX]

Filing Company Information

(This filing was made by a third party - perrandknightactuaryconsultants)

Aspen American Insurance CoCode: 43460 State of Domicile: Texas

Company Group Code: 4698 Company Type: 350 North St. Paul Street Group Name: Aspen Group State ID Number:

Dallas, TX 75201 FEIN Number: 75-2344200

(646) 502-1024 ext. [Phone]

State: Illinois Filing Company: Aspen American Insurance Company

TOI/Sub-TOI: 11.2 Med Mal-Claims Made Only/11.2023 Physicians & Surgeons

Product Name: Physicians and Surgeons Professional Liability **Project Name/Number:** ASAIC-MM-PS-IL-1302R/ASAIC-MM-PS-IL-1302R

Filing Fees

Fee Required? No Retaliatory? No

Fee Explanation:

State Specific

Refer to our checklists prior to submitting filing (http://www.idfpr.com/DOI/Prop_Cas_IS3_Checklists/IS3_Checklists.htm).: Acknowledged

Refer to our updated (04/06/2007) SERFF General Instructions prior to submitting filing. They have been updated to clarify what rates and rules are required to be filed as well as what rates and rules are not required to be filed. Also, the "Product Name" is the Filing Title and not the Project Number.: Acknowledged

NO RATES and/or RULES ARE REQUIRED TO BE FILED FOR LINES OF COVERAGE SUCH AS COMMERCIAL AUTO (except taxicabs), BURGLARY AND THEFT, GLASS, FIDELITY, SURETY, COMMERCIAL GENERAL LIABLITY, CROP HAIL, COMMERCIAL PROPERTY, DIRECTORS AND OFFICERS, ERRORS AND OMMISSIONS, COMMERCIAL MULTI PERIL just to mention a few. However, a Summary Sheet (RF-3) is required to be filed. Please refer to the State Specific Field below for what rates/rules are required to be filed and to our checklists for specific statutes, regulations, etc.:

http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp .: Acknowledged

Medical Malpractice rates/rules may now be submitted using SERFF effective January 1, 2012.: Acknowledged The only rates and/or rules that are required to be filed are Homeowners, Mobile Homeowners, Dwelling Fire and Allied Lines, Workers' Compensation, Liquor Liability, Private Passenger Automobiles, Taxicabs, Motorcycles and Group Inland Marine Insurance which only applies to insurance involving personal property owned by, being purchased by or pledged as collateral by individuals, and not used in any business, trade or profession per Regulation Part 2302 which says in part, "each company shall file with the Director of Insurance each rate, rule and minimum premium before it is used in the State of Illinois.":

When selecting a form filing type for a multiple form filing, use the dominant type from these choices: APP - application; CER - certificate; COF - coverage form; DPS - declaration page; END - endorsement; POJ - policy jacket; ORG - Companies adopting an Advisory or Rating Organization's filing. Example: If you are submitting a policy as well as endorsements, a declaration page and an application, you would select "POL" for policy.: N/A

State: Illinois Filing Company: Aspen American Insurance Company

TOI/Sub-TOI: 11.2 Med Mal-Claims Made Only/11.2023 Physicians & Surgeons

Product Name:Physicians and Surgeons Professional LiabilityProject Name/Number:ASAIC-MM-PS-IL-1302R/ASAIC-MM-PS-IL-1302R

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Gayle Neuman	08/13/2013	08/13/2013

State: Illinois Filing Company: Aspen American Insurance Company

TOI/Sub-TOI: 11.2 Med Mal-Claims Made Only/11.2023 Physicians & Surgeons

Product Name:Physicians and Surgeons Professional LiabilityProject Name/Number:ASAIC-MM-PS-IL-1302R/ASAIC-MM-PS-IL-1302R

Disposition

Disposition Date: 08/13/2013 Effective Date (New): 08/12/2013 Effective Date (Renewal): 08/12/2013

Status: Filed

Comment:

	Overall %	Overall %	Written Premium	# of Policy	Written	Maximum %	Minimum %
Company	Indicated	Rate	Change for	Holders Affected	Premium for	Change	Change
Name:	Change:	Impact:	this Program:	for this Program:	this Program:	(where req'd):	(where req'd):
Aspen American Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Explanatory Memorandum		Yes
Supporting Document	Form RF3 - (Summary Sheet)		Yes
Supporting Document	Certification		Yes
Supporting Document	Manual		Yes
Supporting Document	Request to Maintain Data as Trade Secret Information		Yes
Supporting Document	Letter of Authorization		Yes
Rate	Rates and Rules Manual		Yes

State: Illinois Filing Company: Aspen American Insurance Company

TOI/Sub-TOI: 11.2 Med Mal-Claims Made Only/11.2023 Physicians & Surgeons

 Product Name:
 Physicians and Surgeons Professional Liability

 Project Name/Number:
 ASAIC-MM-PS-IL-1302R/ASAIC-MM-PS-IL-1302R

Rate Information

Rate data applies to filing.

Filing Method: Use & File

Rate Change Type: Neutral

Overall Percentage of Last Rate Revision: %

Effective Date of Last Rate Revision:

Filing Method of Last Filing: N/A, new program

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Aspen American Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

State: Illinois Filing Company: Aspen American Insurance Company

TOI/Sub-TOI: 11.2 Med Mal-Claims Made Only/11.2023 Physicians & Surgeons

Product Name:Physicians and Surgeons Professional LiabilityProject Name/Number:ASAIC-MM-PS-IL-1302R/ASAIC-MM-PS-IL-1302R

Rate/Rule Schedule

Item	Schedule Item				Previous State	
No.	Status	Exhibit Name	Rule # or Page #	Rate Action	Filing Number	Attachments
1		Rates and Rules Manual	Form 501 Effective: 06/01/13;	Replacement	PERR-128940127	Revised Manual Pages 14-
			pp. 14-15			15.pdf

Physicians and Surgeons Professional Liability Insurance

- b. The total mature premium is then modified by the applicable claims made maturity factor corresponding to the organization's coverage retroactive date.
- c. If any physician member is not insured by Aspen, they may be added to the organization coverage schedule, subject to Aspen underwriting approval. The organization coverage premium for non-Aspen insured physicians scheduled to the organization coverage is calculated as if all physician members were insured by Aspen.
- d. Organization liability coverage is written at limits of liability no greater than the lowest limits written on behalf of any of the owners or members of the organization.

XVII. INVESTIGATION COVERAGE

- A. Optional extended investigation coverage may be available, subject to Company approval, for incidents first giving cause for investigation by regulatory authorities that occur after the policy retroactive date provided the investigation commenced after the date that the optional coverage was added to the policy.
- B. The following table describes the two types of investigation coverage offered by the Company.

Endorsement	Investigation related to:
Administrative Proceeding Amendatory Endorsement	State Administration/ Regulatory Medical Board
PHYSICIANS AND SURGEONS e-MD/MEDEFENSE PLUS INSURANCECLAIMS MADE ENDORSEMENT	Medicare/Medicaid Fraud & Abuse HIPAA Violations

C. The table below presents the coverage limits and additional premium corresponding to the two types of investigation coverage offered by the Company.

Endorsement	Limit Per Physician	Premium per Physician
Administrative Proceeding	\$25,000 per claim; \$25,000 policy aggregate	\$500
Amendatory Endorsement	poney aggregate	
PHYSICIANS AND SURGEONS e- MD/MEDEFENSE PLUS	\$50,000 per claim; \$50,000 policy aggregate	\$500

Physicians and Surgeons Professional Liability Insurance

INSURANCECLAIMS	
MADE	
ENDORSEMENT	

XVIII. FULL-TIME EQUIVALENT RATING

- A. Rating for certain multi-physician groups may be written on a full-time equivalent (FTE) basis, subject to Company approval. Under this method, policies will be issued to cover positions rather than specific individuals.
- B. The FTE rate will be determined based on the filed and approved rate for the specialty classification corresponding to each position and the average number of patient contacts or visits expected during the policy period according to the table below.

Emergency Medicine	5,400 visits per year
Outpatient Clinic	10,000 visits per year

C. In the event a position is eliminated, the Named Insured shall purchase an extended reporting endorsement for that position.

XIX. INDIVIDUAL RATING PLAN

The Company has determined that significant variability exists in the hazards faced by physicians engaged in the practice of medicine. In recognition of these risk characteristics presented in the table below, the Company will apply a debit or credit to the otherwise applicable rate based upon the underwriter's overall evaluation of the risk. The following credits/debits may be applied in various increments, but not to exceed the percentage listed for each characteristic. The maximum credit/debit applied to any policy through this plan shall be 25%.

Risk Characteristic	Credit	Debit
Risk Management/Risk Assessment/Qualifications/ Training/Continuing Education including: 1. Board Eligibility or Board Certification 2. Hospital Affiliations or Staff Privileges 3. Experience in Specialty 4. Accreditation	0% to 10%	0% to 10%
Practice Patterns which may include patient load and support staff	0% to 10%	0% to 10%

Filing Company:

Aspen American Insurance Company

TOI/Sub-TOI: 11.2 Med Mal-Claims Made Only/11.2023 Physicians & Surgeons

Product Name:Physicians and Surgeons Professional LiabilityProject Name/Number:ASAIC-MM-PS-IL-1302R/ASAIC-MM-PS-IL-1302R

Illinois

Supporting Document Schedules

State:

Supporting Booting	
Satisfied - Item:	Explanatory Memorandum
Comments:	Please review the Filing Description.
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Form RF3 - (Summary Sheet)
Bypass Reason:	N/A, new program.
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Certification
Comments:	The certification was acknowledged in initial filing - SERFF Tracking #: PERR-128940127, Company Tracking #: ASAIC-MM-PS-IL-1301R.
Attachment(s):	IL Filing Certification - Med Mal.pdf
Item Status:	
Status Date:	
Satisfied - Item:	Manual
Comments:	Clean revised manual pages 14 and 15 are attached to the Rate/Rule Schedule. The redline version of the entire manual is attached to this component to demonstrate the proposed changes.
Attachment(s):	Aspen IL Final UW Manual 20130601 redline.pdf
Item Status:	
Status Date:	
Bypassed - Item:	Request to Maintain Data as Trade Secret Information
Bypass Reason:	N/A
Attachment(s):	
Item Status:	

SERFF Tracking #:	PERR-129154210	State Tracking #:	PERR-129154210		Company Tracking #:	ASAIC-MM-PS-IL-1302R
State:	Illinois			Filing Company:	Aspen American II	nsurance Company
TOI/Sub-TOI:	11.2 Med Mal-Cla	aims Made Only/11.2023 Pl	hysicians & Surgeons			
Product Name:	Physicians and S	urgeons Professional Liabil	lity			
Project Name/Number:	ASAIC-MM-PS-IL	-1302R/ASAIC-MM-PS-IL-	1302R			
Status Date:						
Satisfied - Item:	Le	etter of Authorization				
Comments:						
Attachment(s):	P	&K Authorization Lette	er 3.7.13 .pdf			
Item Status:						

Status Date:

ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

Aspen American Insurance Company, an auton behalf of the Company making this filing that the company's rates are actuarial principles and are not inconsistent with the company's experie knowledgeable of the laws, regulations and bulletins applicable to the policy subject of this filing.	athorized to certify based on sound ence, and that I am
Kyle M. Hales, ACAS, MAAA, and audity audity and audity audity and audity audit	Aspen American e based on sound ence, and that I am
Signature and Pitle of Authorized Insurance Company Officer	3/14/13 Date
Signature, Title and Designation of Authorized Actuary	03/13/2013 Date
Insurance Company FEIN: 75 - 2344200 Filing Number: . Insurer's Address 350 North St. Paul Street	
City <u>Dallas</u> State <u>TX</u> Zip Code <u>75201</u>	
Contact Person's:	
Name and E-mail Lana Begunova, AINS, AIS; doi@perrknight.com	
Direct Telephone and Fax Number 888-201-5123 ext 151 (tel): 310-230-106	il (fax)

PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE

Rates and Rules Manual

Physicians and Surgeons Professional Liability Insurance

I. GENERAL

- A. This manual contains the rules, rating classifications, and rates governing the underwriting of medical professional liability insurance by Valiant Insurance Company ("Aspen"), herein referred to as "Aspen" or "Company".
- B. General principles and criteria for underwriting the risk include, but are not limited to, the application, verification of claims and coverage information from prior insurance carriers, State Departments of Licensing and Regulation, information from other physicians or health care providers, information from hospitals or administrators, behavior assessment, medical societies or appropriate specialty societies, newspapers, magazines, radio, television or any other means of information available to evaluate the risk exposure.
- C. Aspen will not render an adverse underwriting decision to an applicant or insured if that person is a victim of domestic violence or battery committed against him/her by a spouse or person in the same household. Aspen will not refuse to renew a policy based on claims against any policy during the preceding 60 months for a loss of hate crimes if the insured provides evidence to Aspen that the act causing the loss is identified as a hate crime on a police report.

II. POLICY PERIOD

A. The policy is issued for an annual term. Exceptions to this rule may appear elsewhere in this manual. The earliest effective date coverage can be bound will be the date the application is received by the Company. Under no circumstances will coverage be issued prior to the date the applicant was licensed in the state to practice medicine.

III. COVERAGE FORM

- A. All coverage is written on a claims-made basis. All new policies are issued with a retroactive date equal to the coverage effective date, unless the applicant is approved for Prior Acts Coverage. This coverage is provided by the use of a retroactive date prior to the new coverage effective date and is subject to specific approval by the Company.
- B. PL-4 provides individual coverage with a provision for the inclusion of a Professional Association, Partnership, or Corporation to which the individual may belong and includes coverage only for the actions of the individual named as insureds. No matter how many persons or organizations may be named, only one limit of liability will apply.

Physicians and Surgeons Professional Liability Insurance

IV. LIMITS OF LIABILITY

A. The base rate presented in this manual reflects \$1,000,000/\$3,000,000 limits of liability, mature claims made medical professional liability coverage provided for an annual policy period. Factors for rating other available coverage options are presented in the Rating Factors section of this manual.

V. POLICY CANCELLATION

All cancellations and non-renewals will be in compliance with policy form number 50, IX. Cancellation and Non-Renewal and in compliance with the Laws of Illinois.

- A. Unless a policy is canceled as of inception or anniversary, the return premium will be computed on an earned basis less a short rate fee. All fees, other than premium are non-refundable. Exceptions: cancellations at the request of the Company, with a 60 day notice; cancellations due to the death of the insured; cancellations due to disability which qualifies for free tail; cancellations when fully retiring.
- B. Prior notification will be provided for any cancellation by the Company. Notice of cancellation will be provided by mail ten days prior to the effective date of cancellation for non-payment of premiums; thirty days prior notice for cancellation during the first 60 days of coverage; sixty days prior to effective date of cancellation after coverage has been effective for 61 days or more.
 - All notices shall include a specific explanation of the reason(s) for cancellation.
- C. Any request for cancellation by the insured must be signed by the insured, and contain the effective date of cancellation as well as the policy number. Once a policy is issued, failure to pay the initial premium due will void a policy.

VI. PREMIUM PAYMENT PLAN

- A. When coverage is approved, the premium will be computed and a quotation forwarded. The policy will be bound and issued when the premium and any other required information has been received by the Company.
- B. Premiums may be paid on an annual basis, or under a Premium Payment Plan. The Premium Payment Plan offers four options described in the table below:

Quarterly **Installment** Option 1:

Based on four quarterly payments, the first payment will be 25% of annual premium plus a \$2.00 installment fee. The remaining payments will be due at 3, 6 and 9 month intervals, and will also be 25% of annual premium plus a \$2.00 installment fee. No interest is charged.

- Option 2: Based on nine monthly payments, the first payment due will be 20% of the annual premium plus a \$2.00 installment fee. Eight monthly subsequent payments in the amount of 10% of this total will be remitted monthly thereafter, plus a \$2 installment fee. No interest is charged.
- Option 3: Electronic Funds Transfer – 10% discount for reoccurring ACH monthly transfer (Checking Account), plus a \$2.00 installment fee. No interest is charged.
- Option 4: Electronic Funds Transfer – 10% discount for monthly reoccurring credit card payment plus a 2.4% charge to cover credit card charges, plus a \$2.00 installment fee. No interest is charged.
- If there are endorsement changes during the policy year, any remaining C. installments will be adjusted for the amount of the change, and a new schedule will be issued spreading equally the increase in premium over the remaining installments. If no additional installments remain, additional premium may be billed immediately as a separate transaction.
- D. No installment fee shall exceed 1% of the total premium or \$25.00, whichever is less.

VII. RETURN OF PREMIUM PAYMENT

A. The Company has a sole obligation to the Named Insured as it appears on the Declarations Page of the policy, regardless of who pays the premium. All return premium will be rendered to the Insured if cancellation occurs. The only time the return premium will be returned to someone other than the Named Insured is if there is a premium finance contract. All negotiation of responsibility of premium payment lies directly on the Named Insured. The company will not honor a request of cancellation by a third party payor or employer, except when there

Form 501 Effective: 06/01/13

Physicians and Surgeons Professional Liability Insurance

exists a premium finance agreement containing a power of attorney which enables the premium finance company to cancel.

VIII. PHYSICIAN CLASSIFICATION

- A. Specialty classification is based on each individual applicant's health care practice as it is insured by Aspen; portions of health care practice that are uninsured, or are insured by other insurers, may be excluded from coverage and are not considered in determining the appropriate rating classification.
- B. For the purpose of determining each applicant's specialty designation:
 - 1. The term "no surgery" applies to general practitioners and specialists who do not perform obstetrical procedures or surgery (other than incision of boils and superficial abscesses, removal of superficial growths, or suturing of skin and superficial fascia), and who do not ordinarily assist in surgical procedures.
 - 2. The term "minor surgery" applies to general practitioners and specialists who perform the following procedures or assist in major surgery on their own patients: catheterization, endoscopy (other than colonoscopy, proctoscopy, or sigmoidoscopy), vasectomies, hemorrhoidectomies, diagnostic D & C's and vacuum curettage abortions during the first trimester of pregnancy.
 - 3. The term "major surgery" applies to general practitioners and specialists who perform any surgery other than "minor surgery", and to those who assist at major surgery on other than their own patients.
- C. If two or more specialty classifications apply to the same applicant, the classification with the higher rate will apply. The specialty designations presented in this manual may not be all inclusive. To the extent an applicant requests coverage for a specialty designation not included in the classification plan presented in this manual, a specialty designation shall be selected based on a comparison of specialties presenting similar risk characteristics.
- D. The Company will review such classification designations for exceptions if they involve a minimal portion of the physician's practice. Each such case must be individually submitted for consideration.

IX. TERRITORY CLASSIFICATION

A. Territory classifications are based on each individual applicant's health care practice as it is insured by Aspen; portions of health care practice that are uninsured, or are insured by other insurers, may be excluded from coverage and are not considered in determining the appropriate rating classification.

Physicians and Surgeons Professional Liability Insurance

- B. If two or more territory classifications apply to the same applicant, the classification with the higher rate will apply.
- C. The Company will review such classification designations for exceptions if they involve a minimal portion of the physician's practice. Each such case must be individually submitted for consideration.

X. CLAIMS MADE CLASSIFICATION

- A. Claims made coverage is calculated according to the application of claims made maturity factors to the current manual base rate.
- B. The claims made coverage retroactive date is the initial effective date of continuous coverage by Aspen, except when Aspen and the insured agree that the retroactive date should precede the initial policy effective date (prior acts, or, "nose" coverage).
- C. When prior acts coverage is requested, the claims made year applicable to each classification or miscellaneous charge is determined by the retroactive date and the policy effective date.
 - 1. If the month/day of the retroactive date is the same as the policy effective date, the claims made year is determined as the difference between the effective year and retroactive year.
 - 2. If the month/day of the retroactive date is not the same as the policy effective date, the claims made year is determined by the number of days between the two.
 - a) If the retroactive month/day is 183 days (or less) before the effective month/day, use the effective month/day to determine the retroactive year premium to be used.
 - b) If the retroactive month/day is 184 days (or more) before the effective month/day, use the prior year to determine the retroactive year premium.
- D. Certain coverages may have an individual retroactive date. These are Designated Employees Coverage. Rates for this coverage are determined by their individual retroactive dates reported in the application.
- E. Optional extended reporting period coverage ("tail") shall be offered for up to thirty days following expiration or termination of Aspen claims made policy coverage.
 - 1. Unlimited extended reporting period coverage shall be provided for no additional premium to eligible insureds permanently leaving the practice of medicine for reasons of death, disability or retirement in accordance with policy terms and conditions.

- 2. Otherwise, extended reporting period coverage premium shall be determined by the insured's expiring annual premium. Offer of an extended reporting endorsement, including a 12 month option as well as various other options up to an unlimited option, will be available to the insured at the inception of the policy. Quotations for premium of an extended reporting endorsement may be given to the insured at any time during the policy year.
- 3. The Insured must pay the premium for the Extended Reporting Endorsement within 30 days of the termination of the policy or the offer will be deemed rejected.

XI. ADDITIONAL RATING RULES

- A. Ophthalmologists performing laser refractive procedures (of any type including, but not limited to RK, PRK, Lasik, etc.) on more than 400 patients annually shall be subject to the following surcharges.
 - 1. 401 to 500 patients annually 50% surcharge,
 - 2. 501 or more patients annually submit to Company.
- В. Aspen may be named as the endorsed carrier for a program (which could include, but is not limited to, specialty societies, approved associations or organizations, and provider networks). In return, Aspen will grant each participant in the program a discount of 10%. In addition, certain risk management programs may qualify for this discount.
- **C**.. A physician may be eligible for a part-time discount, subject to Company approval, only if the practice does not exceed 1,040 hours per year and the parttime status is permanent.
 - 1. Annual verification of eligibility is required including any documentation which the Company may deem necessary.
 - 2. New policies with no prior acts coverage and eligible for part-time practice status shall receive a 50% discount on their otherwise applicable premium.
 - 3. New policies with coverage retroactive date equal to the part-time effective date and eligible for part-time practice status shall receive a 50% discount applied to the otherwise applicable premium.
 - 4. New policies with coverage retroactive date prior to the part-time effective date and eligible for part-time practice status shall receive a discount to the otherwise applicable premium based on the schedule of discounts listed below for current insureds.

Physicians and Surgeons Professional Liability Insurance

5. Current insureds that first become eligible for part-time status during a Aspen coverage period shall be phased into the part-time discount according to the following schedule to reflect the continuing prior acts exposure.

Year of Part-time Practice	Premium Discount
First Year	10%
Second Year	20%
Third Year	30%
Fourth Year	50%

- D. A physician may be provided premium relief when taking an approved leave of absence that extends beyond 45 days, but no longer than 720 days.
 - 1. Eligibility under this rule is subject to Company approval in all cases. To determine eligibility, the Company requires a signed statement from the insured stating the reason and anticipated duration of the leave.
 - 2. Upon approval, the insured's policy coverage shall be held in suspense and the insured's policy premium for the duration of the leave shall be determined according to the following schedule.

Pre-Leave Classification	Premium for Duration of Leave
Class 1	50% of Class 1
Classes 2, 3, 4, and 5	Class 1
Classes 6 and above	Class 3

3. Upon written notification that the insured has returned to the active practice of medicine, Aspen policy coverage shall be reinstated at the classification deemed appropriate by Aspen underwriting.

- E. A new physician entering the first year of private practice following completion of an accredited residency or fellowship program in their specialty may be eligible for a discount.
 - 1. A 65% discount applies to first year claims made rates.
 - 2. A 30% discount applies to second year claims made rates.
 - 3. A 15% discount applies to third year claims made rates.
 - 4. Thereafter, no discount applies.
 - 5. This discount is subject to company approval, and may not be used if prior acts coverage applies.

LOSS FREE CREDIT XII.

A. Any physician who is loss free as of the original effective date of new coverage, or the renewal date of current Aspen coverage, will qualify for a premium credit based on the following schedule:

Loss Free Years	Credit
Less than 5	None
5 to 10	10%
10 +	15%

- B. Loss free status will be determined on experience. The experience period will start as of the year of practice commenced, unless there was a period under the practice when the physician went "bare." In this case, the experience period will begin as of the date he/she becomes insured with a carrier whose "definition of claim" clause is comparable to Aspen. The number of loss free years is calculated from January 1 of the practice origin, or the date of the last qualifying loss, to the physician's renewal date.
- C. If loss free status changes between the time the renewal is issued and the actual effective date, the renewal will be reissued at the correct premium charge and the difference billed to the insured.
- D. If a loss occurs during the year, the loss free status reverts to 0 years. However, the loss free credit will only change at renewal.

ADVERSE RISK SURCHARGE XIII.

- A. A physician or surgeon may be an acceptable professional liability insurance risk only at rates higher than otherwise available through this rating manual.
- B. The premium applicable to those physicians who have experienced more than two "chargeable" claims in excess of \$10,000 over the seven year period immediately preceding the current policy anniversary shall be surcharged in accordance with the following table.

Chargeable Claims Premium Surchar	
2	50%
3	150%
4+	500%

C. Each and every claim shall have a determination of whether or not it is "chargeable." Once assessed, the surcharge shall apply for a three year period commencing on the policy anniversary following determination of a "chargeable" claim. Each subsequent "chargeable" claim determination shall start a new three year surcharge period.

PREMIUM CALCULATION

- A. The base rate presented in this manual reflects \$1,000,000/\$3,000,000 limits of liability, mature claims made medical professional liability coverage provided for an annual policy period. Factors for rating other available coverage options are presented in the Rating Factors section of this manual.
- B. Additional charges provided under any rate schedule in this manual measure the liability of an insured for the exposures covered by those additional charges. Additional charges must be obtained where those exposures exist and are insured.
- C. The policy minimum premium is \$500.
- D. Policy premiums are rounded to the nearest whole dollar.
- E. For each individual physician or surgeon, policy premium is determined by performing the following calculations in this order:

- 1. Calculate the manual base premium by multiplying the appropriate claims made, specialty and territory classification factors, as described in the sections above, to the manual base rate.
- 2. Calculate the adjusted manual base premium by applying any additional rating rules (e.g., part-time practice, newly practicing physician) to the result of Step 1 above.
- 3. Add charges for additional insured employees, or charges for the vicarious exposure created by employees to the result of Step 2.
- 4. Apply the appropriate limits factor to obtain a policy limits adjusted premium to the result of Step 3.
- 5. Apply the total of all applicable experience and scheduled rating credits and debits to the result of Step 4.

XV. CHANGE IN EXPOSURE

- When an insured changes to a lower rated classification or territory designation, A. there is a continuing exposure to claims from the prior class or territory. In order to provide for this continuing exposure, a form of "tail" charge shall apply.
 - 1. The charge will be based on the difference between the "tail" charge for the old designation and the new designation. This "tail" charge will be computed on each of the three year policy years following such change in exposure utilizing the "tail" rates and procedures in effect at each subsequent policy anniversary.
 - 2. The original coverage retroactive date will be maintained for the new designation. If the policy is subsequently cancelled, any remaining "tail" premium applicable to the change in exposure shall be charged in addition to the otherwise applicable extended reporting period premium based on the new designation.
 - 3. If the insured becomes eligible, under the policy terms, for extended reporting period coverage due to death, disability or retirement, any remaining charge for the change in exposure shall be waived.
- В. Changes in the policy limits of liability require a signed request by the physician. A "no known loss" letter must accompany the request for change in limits along with a statement on why the limits are to be changed. No change can be made until the request has been received by the Company and will be effective on the date received unless a later date is specified.

- 1. All limit changes are retroactive as respects future claims from incidents which the insured was not aware might result in a claim, as of the effective date of the change. An acknowledgment of this will be sent to the insured to be signed and returned to use for every limit increase.
- 2. Increased limits are subject to underwriting approval. Limit decreases to may be available upon request but limits of liability at all times will be in compliance with State Law.

XVI. ADDITIONAL INTERESTS

Α. Designated Employee Coverage

- 1. Designated Employee Coverage is available for certified Physician's Assistants, Nurse Practitioners, CRNA's and Nurse Midwives who are employed by our insured and listed on the Declarations under Schedule Endorsements. The Designated Employee may be specifically named on the policy, but no additional limit of liability will apply.
- 2. This coverage is required for employed Certified Physician's Assistants, Nurse Practitioners, CRNA's and Nurse Midwifes, or they must provide proof of individual coverage for a minimum limit of \$250,000/\$750,000. If they are not insured as Designated Employees, or have approved coverage elsewhere, the insured is not covered for liability for the actions of such an employee.
- 3. Completed applications are required for each Designated Employee and should be submitted to the Company before the employee begins working for the insured. Applicants are subject to prior approval by the Company before the coverage may be added. Coverage cannot be effective prior to receipt of notification.
- 4. The rates applicable to Designated Employees, along with the definitions of the rate categories are included in the rate section of this manual.
- 5. A charge will apply for the employer's vicarious liability for each employee of the insured who does not have coverage on a Aspen policy. The charges for vicarious liability are included in the rate section of this manual.

В. Locum Tenens Physician Coverage

1. A substitute physician may be added to an insured's policy by providing proper notice to Aspen. The cumulative period of substitution will not exceed more than 45 days in one policy period.

- 2. Each prospective locum tenens must submit a complete application, be licensed to practice medicine in the same specialty, be employed by and be acting as a substitute replacement (not permanent) for the insured physician in addition to being approved for coverage by Aspen underwriting.
- 3. Upon approval by Aspen underwriting, coverage shall be provided for professional services rendered by the locum tenens physician while acting on behalf of and within the scope of the insured physician's medical practice. Coverage will be provided on a shared limits of liability basis with the insured physician for no additional premium.
- 4. No individual "tail" coverage is available.
- 5. This coverage is limited ONLY to situations where a locum tenens physician is replacing an insured who will not be otherwise practicing medicine during the coverage period.

C. Organization Coverage

- 1. Shared Limits of Liability
 - a. A professional association, corporation, or other similar professional legal entity, owned entirely by an individual insured may be added to his or her policy as an additional insured with no additional limits of insurance for no additional charge.

2. Separate Limits of Liability

a. A professional association, corporation, partnership, or other legal entity that is owned by two or more professional persons may purchase a separate limits of organization professional liability insurance policy for additional premium based on a percentage of the claims made mature, manual premium applicable to each physician member of the organization according to the following schedule.

Policy Limit	Percent of Physicians' Premium	
\$250,000/\$750,000	30%	
\$500,000/\$1,500,000	20%	
All Other Limits	15%	

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- b. The total mature premium is then modified by the applicable claims made maturity factor corresponding to the organization's coverage retroactive date.
- c. If any physician member is not insured by Aspen, they may be added to the organization coverage schedule, subject to Aspen underwriting approval. The organization coverage premium for non-Aspen insured physicians scheduled to the organization coverage is calculated as if all physician members were insured by Aspen.
- d. Organization liability coverage is written at limits of liability no greater than the lowest limits written on behalf of any of the owners or members of the organization.

XVII. INVESTIGATION COVERAGE

- A. Optional extended investigation coverage may be available, subject to Company approval, for incidents first giving cause for investigation by regulatory authorities that occur after the policy retroactive date provided the investigation commenced after the date that the optional coverage was added to the policy.
- B. The following table describes the two types of investigation coverage offered by the Company.

Endorsement	Investigation related to:
Administrative Proceeding Amendatory Endorsement	State Administration/ Regulatory Medical Board
PHYSICIANS AND SURGEONS e-MD/MEDEFENSE PLUS INSURANCECLAIMS MADE ENDORSEMENT Medicare/Medicaid Fraud & Abuse/ HIPAA Defense Costs Endorsement	Medicare/Medicaid Fraud & Abuse HIPAA Violations

C. The table below presents the coverage limits and additional premium corresponding to the two types of investigation coverage offered by the Company.

Endorsement	Limit Per Physician	Premium per Physician
Administrative Proceeding Amendatory Endorsement	\$25,000 per claim; \$25,000 policy aggregate	\$500

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PHYSICIANS AND SURGEONS e-	\$ 25 50,000 per claim;	\$500
MD/MEDEFENSE PLUS	\$ 25 50,000 per claim, \$ 25 50,000 policy	
INSURANCECLAIMS MADE		
ENDORSEMENT Medicare/Medicaid	aggregate	
Fraud & Abuse/ HIPAA Defense		
Costs Endorsement		

XVIII. FULL-TIME EQUIVALENT RATING

- A. Rating for certain multi-physician groups may be written on a full-time equivalent (FTE) basis, subject to Company approval. Under this method, policies will be issued to cover positions rather than specific individuals.
- B. The FTE rate will be determined based on the filed and approved rate for the specialty classification corresponding to each position and the average number of patient contacts or visits expected during the policy period according to the table below.

Emergency Medicine	5,400 visits per year
Outpatient Clinic	10,000 visits per year

C. In the event a position is eliminated, the Named Insured shall purchase an extended reporting endorsement for that position.

XIX. INDIVIDUAL RATING PLAN

The Company has determined that significant variability exists in the hazards faced by physicians engaged in the practice of medicine. In recognition of these risk characteristics presented in the table below, the Company will apply a debit or credit to the otherwise applicable rate based upon the underwriter's overall evaluation of the risk. The following credits/debits may be applied in various increments, but not to exceed the percentage listed for each characteristic. The maximum credit/debit applied to any policy through this plan shall be 25%.

Risk Characteristic	Credit	Debit
Risk Management/Risk Assessment/Qualifications/ Training/Continuing Education including: 1. Board Eligibility or Board Certification 2. Hospital Affiliations or Staff Privileges 3. Experience in Specialty 4. Accreditation	0% to 10%	0% to 10%
Practice Patterns which may include patient load and	0% to 10%	0% to 10%

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Risk Characteristic	Credit	Debit
support staff		
Patient Documentation and Follow up	0% to 5%	0% to 5%
Employee selection, supervision, training and experience	0% to 5%	0% to 5%
Compliance with applicable regulations (OSHA, CLIA, HIPAA, etc.)	0% to 10%	0% to 10%
Cooperation with Underwriting, Claims, Defense Counsel	0% to 10%	0% to 10%

XX. MANUAL BASE RATE

The following manual base rate represents mature claims made medical professional liability coverage for \$1,000,000/\$3,000,000 limits of liability.

Manual Base Rate = \$23,040

XXI. PHYSICIAN CLASSIFICATION PLAN

For Class Description see Appendix 1.

Class	Factor	Class	Factor
1	0.500	9	2.250
2	0.650	10	2.700
3	0.850	11	3.250
4	1.000	12	3.750
5	1.250	13	4.500
6	1.350	14	5.250
7	1.750	15	7.000
8	2.000		

XXII. DESIGNATED EMPLOYEE RATES

	Limit of Liability	Limit of Liability	
Designated	Shared with	Shared with	
Employee	Insured Physician	Insured Corporation	
Nurse Midwife	13.5% Class 4	27.5% Class 4	
Nurse Practitioner	2.25% Class 4	4.5% Class 4	
Physician Assistant	5.0% Class 4	10.0% Class 4	
Nurse Anesthetist	No Charge	No Charge	

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XXIII. TERRITORY CLASSIFICATION PLAN

Territory	Factor	Description
1	1.000	Cook, Madison, St. Clair
2	0.780	Will, Jackson, Vermilion
3	0.700	Lake, Kane, McHenry, Winnebago
4	0.650	Bureau, Coles, DeKalb, DuPage, Kankakee, LaSalle,
		Ogle, Randolph
5	0.630	Champaign, Macon, Sangamon
6	0.480	Peoria
7	0.480	Remainder of State

XXIV. CLAIMS MADE CLASSIFICATION PLAN

Claims Made Year	Claims Made Factor	ERP Factor
1	0.300	0.850
2	0.555	1.560
3	0.850	1.820
4	0.980	2.000
5	1.000	2.000
6	1.000	2.100
7+	1.000	2.100

^{*} All factors in the table above are applied to the mature manual base rate.

XXV. LIMIT FACTORS

Class	250/750K	500K/1.5M	1.0M/3.0M
1	0.650	0.730	1.000
2	0.650	0.730	1.000
3	0.650	0.730	1.000
4	0.650	0.730	1.000
5	0.650	0.730	1.000
6	0.650	0.730	1.000
7	0.650	0.730	1.000
8	0.650	0.730	1.000
9	0.650	0.730	1.000
10	0.650	0.730	1.000
11	0.650	0.730	1.000
12	0.650	0.730	1.000
13	0.650	0.730	1.000
14	0.650	0.730	1.000
15	0.650	0.730	1.000



March 7, 2013

Commissioner of Insurance State Insurance Department USA

Re: Perr & Knight – Filing Authorization

Aspen American Insurance Company

Physicians and Surgeons Professional Liability Insurance

NAIC No. 4698-43460 FEIN: 75-2344200

To Whom It May Concern:

This will certify that Perr & Knight has been given authority to submit rates, rules, forms and respond to any issues regarding the above captioned filing on behalf of Aspen American Insurance Company. This authorization is deemed to be in effect until rescinded in writing.

Please direct all correspondence in relation to these filings to:

State Filings Department Perr & Knight 401 Wilshire Blvd, Suite 300 Santa Monica, CA 90401 Phone: (310) 230-9339

Fax: (310) 230-1061

If you need additional information, please let me know. My direct phone number is 860.760.7708 and my email address is shawn.bates@aspen.co.

Sincerely,

Shawn Bates

Senior Filings Manager Aspen U.S. Holdings, Inc. 175 Capital Blvd, Suite 100 Rocky Hill, CT 06067

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